Briton’s death heightens fears about the risks of doing business in China

When Neil Percival Heywood was found dead in his hotel room in southwest China last November, many of the British businessman’s friends were instantly sceptical.

Local police informed the British consulate in the metropolis of Chongqing that 41-year-old Heywood had died from “excessive alcohol consumption” but that the body had already been cremated without a full autopsy. “This set alarm bells ringing, and at his memorial service in the UK a lot of people were suspicious about how and why he died,” says someone close to Heywood, who acquaintances describe as “very well-mannered” and the spitting image of American comedian Steve Martin dressed like the Tailor of Panama. People who knew him say he was not a heavy drinker.

Many overseas businesspeople in China now fear Heywood’s death, and subsequent
revealing about his activities, will have a serious negative impact on the way long-term foreign residents are perceived and dealt with by the authorities.

It also raises concern about the danger of getting caught up in increasingly violent political battles as the country’s elite fights for influence in the run-up to a once-in-a-decade leadership transition scheduled for this year.

According to the British embassy in Beijing, Heywood’s family did not raise any concerns about his death at the time and nothing further was done about the case.

That is until Wang Lijun, the powerful police chief of Chongqing, with its 32m inhabitants, arrived on February 6 at the US consulate in the megacity of Chengdu, 300km from Chongqing, and requested political asylum, claiming he feared for his life. The British government told the Financial Times on Friday that Mr Wang had also made an appointment with the British consulate in Chongqing but never arrived.

Mr Wang stayed in the US consulate for more than 24 hours before leaving in the company of senior officials from China’s state security ministry and flying to Beijing, where he is under a Communist party investigation for trying to defect.

According to people familiar with the matter, Mr Wang claimed to have evidence that Heywood was in fact poisoned on the orders of Bo Xilai, Chongqing Communist party secretary – Mr Wang’s former boss, and one of the country’s most powerful politicians. However, one person familiar with the case told the FT Mr Bo had been “shocked” by the death of the Briton, who he had known for many years.

Mr Wang also maintained that Heywood had been involved in a business dispute with Mr Bo’s wife, Gu Kailai, and Mr Wang believed his own life was in danger after a falling out with Mr Bo.

Mr Wang’s flight, and his claims, triggered the dismissal of Mr Bo as Chongqing party secretary on March 14 in what has become the most significant political event in China since the 1989 Tiananmen Square massacre.

Mr Bo remains a member of the powerful 25-member Communist party politburo, China’s second-highest decision-making body, and some believe he may yet be given a sinecure that allows him to live out his days in political obscurity. But several sources with close ties to the leadership believe he could end up facing criminal charges. For now, Mr Bo is being detained at the
Communist seaside resort of Beidaihe, where the Great Wall meets the sea, according to two people familiar with the matter.

Mr Wang’s revelations have prompted the UK through the British embassy in Beijing to request that China launch a fresh investigation into Heywood’s suspicious death.

The incident has also turned a spotlight on the mysterious life of a man who embodies the web of murky relationships and clandestine dealings that enmesh Chinese politics and business.

People who knew Heywood well describe him as the “foreign consigliere” to the Bo family, who deployed his upper-crust education – at Harrow, the English private school that was alma mater to Winston Churchill and Lord Byron – and links to members of the British establishment to impress the Bos and gain their confidence and trust.

In turn, his role as a confidant to Mr Bo and his wife, Gu Kailai, and son, Bo Guagua – another old Harrovian – allowed Heywood to court Chinese and foreign businesses with his powerful connections, gaining him a reputation as a dealmaker and fixer.

Many who met him have described him as “reserved” and “mysterious” – and many say they always suspected he was working for the British intelligence services, adding a new level of intrigue to his death. A spokesperson for the Foreign and Commonwealth Office said it was longstanding policy not to comment on intelligence matters.

A picture is emerging, nonetheless, of a man who appears at the very least to have been involved in gathering intelligence on Chinese companies and politicians for western clients.

Many details of Heywood’s life remain murky but what is known is that he was born in 1970 and attended Harrow from 1984 to 1988 before studying politics at Warwick university. After graduating in 1992, he moved to Beijing to study Mandarin, and spent almost all of the past two decades in China.

Reached at her home in southwest London this week, his mother, Ann Heywood, told the FT she was unable to add to the “official comment, which is that he died of a heart attack”. Her understanding of what killed her son has added to the ambiguity surrounding the case, since the official Chinese death certificate states that he died from overconsumption of alcohol.

An FCO spokesperson could not explain why Heywood’s family had been told he died from
a heart attack instead of the official cause of death.

An associate of the family describes Mrs Heywood as “devastated”, pained by attempts to open an investigation into her son’s death and the suggestion he was murdered. “It reopens [the grief] for her ... it is simpler for her – whether or not in her heart of hearts she believes it – to cling to the idea that he had a heart attack in a hotel bedroom,” says the associate.

While working in the northeastern city of Dalian in the 1990s, Heywood met his Chinese wife, Lulu, with whom he had two small children. He also befriended Mr Bo, then mayor of the city, and his family.

His credibility was boosted by connections with powerful members of the British establishment. These included Charles – now Lord – Powell, once aide to former prime minister Margaret Thatcher, now tasked with promoting UK business in Asia for the government and Lady Henrietta Spencer-Churchill, daughter of the Duke of Marlborough and a relative of Churchill. He helped persuade Mr Bo to send his son to Harrow, then to the exclusive college of Balliol, Oxford. Heywood was especially close to Guagua, whom he met regularly in Britain and in China, and whom he helped organise a ball while he was at Oxford.

Mr Bo himself is the “princeling” son of Bo Yibo, a revolutionary hero known as one of the “eight immortal” Communist party elders who ran the country from behind the scenes in the 1980s and 1990s. People who know the family say the Bos regard themselves as part of China’s “true aristocracy” – the “red-blooded” rightful heirs to power – and they have a fascination with British aristocratic traditions.

Friends and acquaintances describe Heywood as an excellent Mandarin speaker who drove a “nice old Jaguar”. He lived with his family in an affluent suburb of Beijing, near the Olympic rowing park where many foreigners reside.

He frequently travelled to Chongqing on business after Mr Bo moved there in 2007. His main declared job was as a part-time consultant to the Aston Martin dealership in Beijing but he also worked for a “strategic intelligence” company called Hakluyt.

Hakluyt, established by former members of British security service MI6, bills itself “the Goldman Sachs of the intelligence industry”, and over the years many of its employees have previously worked for MI6, the secret intelligence service, according to people familiar with the company.

“It is the gold standard, if you like, of the intelligence industry. When you walk in the door, a butler greets you – it’s very Ian Fleming,” says another person with knowledge of the
company.

Hakluyt tends to hire people in China who use a cover story to conceal their real employer, according to three people familiar with their operations in the country.

A spokesman for Hakluyt said: “Neil had a long history of advising western companies on China and we were among those that sought his advice. We were very saddened by his death.” Hakluyt made clear Heywood did not advise the company on issues relating to work in Chongqing.

Reached at his office in southwest London this week James Everall, Heywood’s accountant, said his former client rarely discussed his work in China but maintained a company in the UK to process freelance fees and pay UK tax on income earned through “writing articles for The Economist”.

However, when the FT asked The Economist to confirm that detail, neither the newspaper nor its Economist Intelligence Unit could find any trace of Heywood having worked for them.

Whether Heywood was just a well-paid consultant who provided harmless business advice to western companies or whether he had a more formal role in Britain’s intelligence services will probably never be known.

But his untimely and suspicious death has added an international dimension to China’s most serious political upheaval in two decades and exposed uncomfortable truths about how business and politics are conducted in the world’s second-largest economy.

Additional reporting by Serena Tarling